

# Cross Timbers Business Report

Published by the College of Business Administration, Tarleton State University  
Articles by Members of Delta Mu Delta, William L. Beaty, Faculty Editor

Volume 23, No.3

Spring 2010

## Economic Growth Continues

By Douglas Knauth

Real gross domestic product (GDP), the inflation-adjusted value of all goods and services produced in the United States, rose at a 3.2 percent annual rate in the first quarter of 2010. This move follows the previous quarter's 5.4 percent growth. While the fourth-quarter figure was likely boosted by a one-time slowdown of inventory liquidation, last quarter's growth rate showed positive signs for sustainable growth.

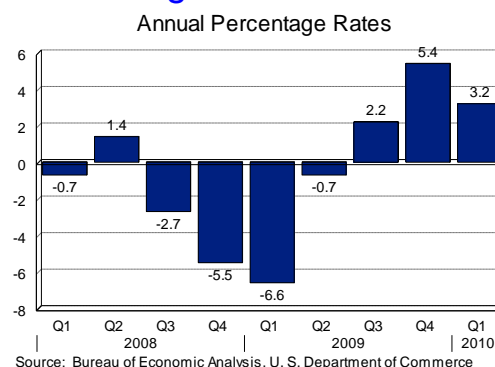
According to *The Wall Street Journal*, Consumer Spending, which accounts for approximately 70 percent of total output, increased 3.6 percent, up from the fourth quarter's 1.6 percent growth. Much of this sector's increase is found in durable goods expenditures, which increased 11.3 percent.

Housing, continued to weigh on growth numbers, with residential fixed investment down by 10.8 percent. With the end of government tax credits for first-time home buyers, both housing construction and sales slumped.

The federal government increased spending by 1.4 percent in the first quarter, up from the fourth-quarter's zero-growth pattern.

Real exports increased by 5.8 percent, down from the 22.8 percent growth experienced in the previous quarter. Real imports rose by 8.9 percent, down from 15.8 percent growth in the previous period.

### Changes in Real GDP



*Douglas Knauth majors in economics and is a member of Delta Mu Delta & Omicron Delta Epsilon at Tarleton State University*

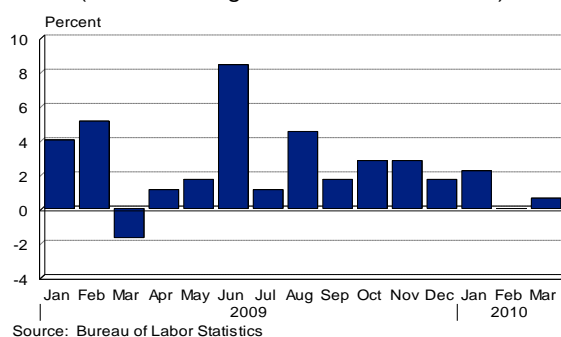
## Inflation Not Seen As a Threat

By Morgan E. Kuykendall

After a moderate and stable inflation pattern from September to December 2009, price changes slowed even more

### INFLATION RATES

(Annual Changes in Consumer Prices)



in early 2010, according to a recent report from the Bureau of Labor Statistics.

Annualized monthly changes in the consumer price index, the country's most quoted inflation measure, moved in a narrow range around 2 percent in 2009's final quarter. In early 2010, inflation rates moved from 2.2 percent in January to zero percent in February to 0.6 percent in March. This slowdown is found in a wide variety of goods and services.

Consumer price index changes are reported monthly and are closely followed by economists as an inflation indicator. Cost of living adjustments for many workers and for Social Security recipients are also based on this index.

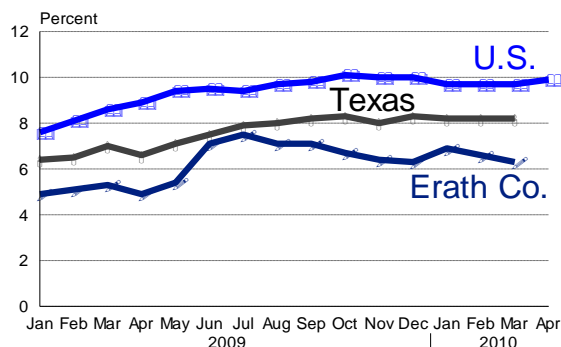
*Morgan E. Kuykendall is pursuing a M.S. degree in Management and Leadership at Tarleton State University.*

# Unemployment Rates Suggest Strengthening Labor Markets

By William L. Beaty

Recent trends in jobless rates suggest economic recovery is taking hold in national, state, and local labor markets, according to recent releases from the U.S. Bu-

## UNEMPLOYMENT RATES



Sources: U.S. Bureau of Labor Statistics and Texas Workforce Commission. Full employment remains elusive; however, as unemployment statistics for early 2010 remain well above normal levels.

In April, the U.S. economy added jobs at a rate not seen since the onset of the recession, with gains reported in all major market sectors. Nevertheless, the national unemployment rate rose from 9.7 percent in March to 9.9

percent in April, as the labor force grew faster than the pace of job creation. According to the *Wall Street Journal*, this pattern is not unusual in the early stages of recovery, as stronger hiring rates lure discouraged workers back into the labor force. The national unemployment rate averaged 9.8 percent during the first four months of 2010, which falls slightly below the 10.1 percent peak value reported last October.

Texas reported broadly based hiring gains in March, as its unemployment rate remained at 8.2 percent for the third consecutive month. This figure also indicates a slight improvement of the peak rate of 8.3 percent noted last October and December.

Bosque County's unemployment rate peaked at 9.2 percent in January. It then declined to 8.7 percent in February to 8.5 percent in March.

Comanche County's jobless rate also reached its maximum, at 6.9 percent, in January, before declining to 6.6 percent in February and 6.7 percent in March.

The Eastland County unemployment figure reached its recessionary peak at 8.6 percent last July. In the first three months of 2010, it moved from 8.5 percent in January and February to 8.1 percent in March.

Erath County's unemployment rate also reached its highest level, at 7.5 percent, in July of last year. In the first quarter this, the rate dropped from 6.9 percent in January to 6.6 percent in February to 6.3 percent in March.

Hamilton County's jobless rate peaked at 6.8 percent in January before decreasing to 6.6 percent in February and 6.3 percent in March.

The U.S. Bureau of Labor Statistics and the Texas Workforce Commission collect and report labor market data on a monthly basis. National and state statistics are adjusted for normal seasonal variation, while local figures remain unadjusted.

*William L. Beaty is an assistant professor of economics at Tarleton State University.*

*The College of Business Administration at Tarleton State University presents the Cross Timbers Business Report (<http://www.tarleton.edu/Faculty/beaty/ctbr.htm>) as a service to local residents. It is written by the members of Delta Mu Delta, a business honor society, and other involved students. This report is distributed without charge to any interested person or organization. To subscribe to this publication or make suggestions regarding its content, write William L. Beaty, Editor, P.O. Box T-920, Tarleton Station, TX 76402, phone 254-968-9622, or E-mail [beaty@tarleton.edu](mailto:beaty@tarleton.edu).*

## Retailers Report Another Sales Dip

By Zane Christian

Retail sales figures for all five Cross Timbers counties showed decreases in the third quarter of 2009, when compared to the same period the year before. Cumulate values for the first nine months of the year also fell below year-before levels. Further evidence of weakness is found in the fact that only one county reported an advance over the 2007 figure.

Bosque County reported \$23.3 million in retail sales for the third quarter of last year. This value lies 5.9 percent below the figure reported the year before but represents a gain of 9.8 percent over the same period in 2007. The

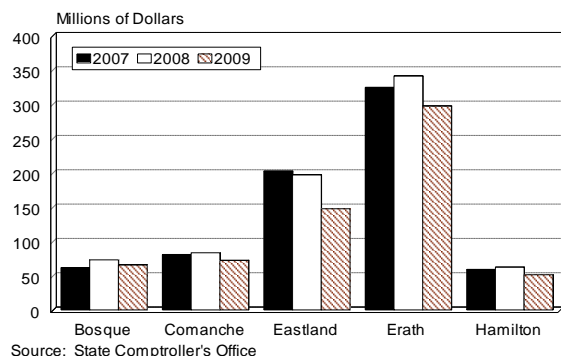
county noted \$65.4 million in sales during the first three quarters of 2009. This value reflects a loss of 10.4 percent when compared to the previous year but shows a gain of 6.7 percent over the value noted two years earlier.

Comanche County's retail sales total for the July-September period of 2009 stood at \$25.2 million, which reflects losses of 11.2 percent and 8.4 percent when compared to 2008 and 2007 levels. Cumulate sales for the first nine months of 2009 were \$72.0 million. This value represents a decline of 13.5 percent when compared to the

year before and a loss of 10.5 percent compared to the 2007 total.

## RETAIL SALES

Area Counties, January - September



Eastland County showed the largest retail sales drop in the Cross Timbers area last year. Its \$49.7 million third-

quarter total falls 25.9 percent below the figure posted the previous year and 27.2 percent below the value noted two years earlier. Eastland's \$147.4 sales aggregate for the January-September period is 25.0 percent and 27.0 percent less than the figures posted in 2008 and 2007.

Erath County's \$102.0 million sales total for the July-September period falls 12.7 percent short of the figure reported the year before and is 13.4 percent less than figure posted for 2007. The county's \$296.8 figure for the first nine months of 2009 lies 12.9 percent and 8.4 percent below the figures posted the two previous years.

Hamilton County retail merchants posted \$17.9 million in sales during 2009's third quarter. This figure lies 13.5 percent below the value noted in 2008 and 10.7 percent below the figure reported in 2007. Hamilton's \$51.2 million sales aggregate for the first nine months of last year are 17.5 percent and 12.7 percent lower than the figures posted in 2008 and 2007.

*Zane Christian recently graduated with a degree in economics from Tarleton State University*

## Population Trends Vary between Cross Timbers Counties

By Lauren Darling

Over the last twenty years, three of the five counties that comprise the Cross Timbers area saw increases in population. Four area counties reported gains over the past ten years.

Census data show that Erath County has seen the largest increase in population. Its 2009 population estimate of

36,184 represents gains of 15.0 percent from 1999 values and 39.2 percent over 1989 values.

Bosque County showed an increase of 5.6 percent in the last ten years. This growth brought its total estimated population to 17,631 in 2009, which represents an increase of 16.8 percent since 1989.

Comanche County's estimated 2009 population of 13,559 declined by 0.2 percent from 1999 but advanced by 5.1 percent over the 1989 figure.

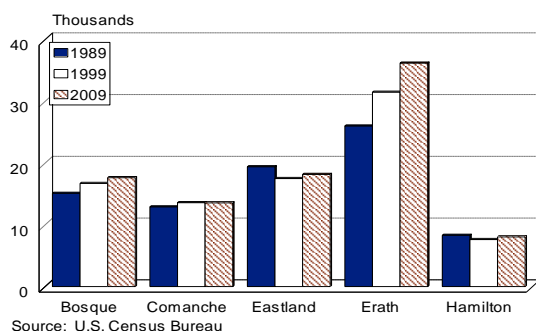
Hamilton, the least populous county in the Cross Timbers area, showed a 2009 population estimate of 8,043, which represents an increase of 5.7 percent over 1999, but a decline of 3.1 percent from 1989.

Eastland showed the greatest percentage decrease in population over the last 20 years. Its estimated 2009 population of 18,167 represents a gain of 3.9 percent over the 1999 value but shows a loss of 6.4 percent when compared to the 1989 figure.

*Lauren Darling is a Senior Presidential Honors Student majoring in History at Tarleton State University.*

## POPULATION

Cross Timbers Counties



# Texas Industrial Production Shows Signs of Improvement

By Nelly DiCiccio

The Texas Industrial Production Index stood at 142.6 percent of the 1987 average in March 2010, which represents a gain of 1.8 percent over the same month of last year.

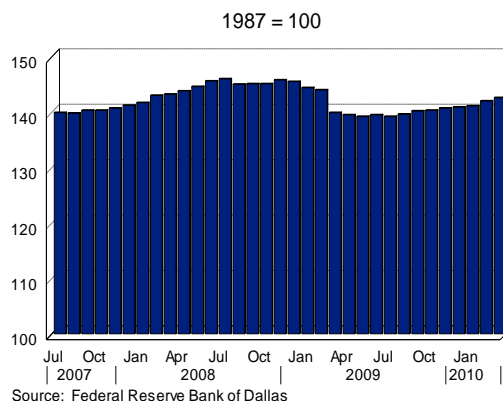
Overall manufacturing output decreased 1.8 percent between March 2009 and March 2010. This movement reflects a 3.5 percent loss in durable goods manufacturing and no change in nondurable goods output.

Output from the mining sector, which includes petroleum drilling, rose almost 10 percent between March 2009 and March 2010. Utilities output increased 1.0 percent over this span.

The Texas Industrial Production Index is calculated and released on a monthly basis by Federal Reserve Bank of Dallas and is adjusted for normal seasonal variation.

*Nelly DiCiccio graduated in May with a Master of Business Administration degree from Tarleton State University.*

## TEXAS INDUSTRIAL PRODUCTION



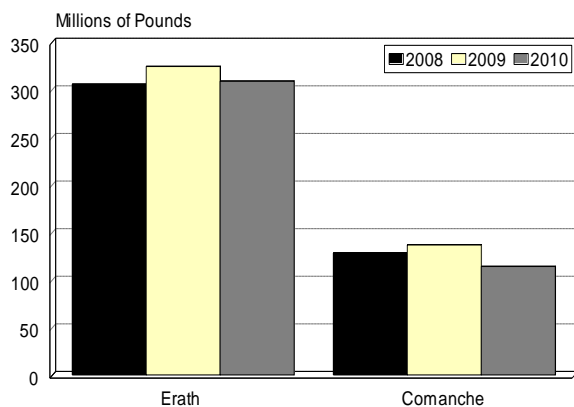
## First Quarter Milk Production Reveals Checkered Results

By Joshua Pelfrey

As of March 2010, Erath County remains number one in wholesale milk production throughout the state. Comanche County rose to number nine, up slightly from number ten during the fourth quarter of 2009.

## MILK PRODUCTION

Area Counties, January - March



Source: Market Administrator's Report

Year-to-date production for Erath County dairy farmers stands at 308.4 million pounds of milk as of March 2010. This number represents a 4.8 percent decrease compared to 2009 and a 1.0 percent increase since 2008. The number of dairies in Erath County has fallen sharply over the last ten years. Currently, 83 dairies operate, down from 147 in 2000.

First quarter milk production for Comanche County totals nearly 114 million pounds – a 16.5 percent fall from the 2009 production level and a 10.9 percent decline since 2008. The number of milk producers throughout the county fell from 47 in 2000 to a current level of 19.

Overall milk production in Texas declined 3.7 percent from 2009. Nevertheless, the state is up 5.7 percent compared to 2008.

*Joshua Pelfrey is a member of Delta Mu Delta and is pursuing a Bachelor of Science degree in Economics at Tarleton State University.*